SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY

Management Performance Audit of the Transportation Authority and the Congestion Management Agency

Final Report

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October 7, 1997

Carmen C. Clark
Executive Director
San Francisco County Transportation Authority
100 Van Ness Avenue, 25th Floor
San Francisco, CA 94102

Subject: Management Performance Audit of the San Francisco County Transportation Authority

Dear Ms. Clark:

On behalf of G. Richard Swanson & Associates, I am pleased to submit this Final Report of our Management Performance Audit of the San Francisco County Transportation Authority (SFCTA). This report documents the findings of a two-phase audit of the Authority, consisting of a Phase I Diagnostic Review and a Phase II Functional Review.

I would like to thank the SFTA staff, Commissioners and external agencies who gave of their time and knowledge to assist me in this effort.

Please call me at (415) 546-4023 if you have any questions or require assistance in reviewing this draft document.

Sincerely,

G. Richard Swanson
Principal

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EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

INTRODUCTION

In 1989, San Francisco voters approved a 20-year one-half cent sales tax initiative, identified as Proposition B. Proposition B included a detailed Expenditure Plan which identified a list of 50 transportation projects, services and programs within four principal categories: Transit, Streets and Traffic Safety, Paratransit, and Transportation Systems Management. Sales tax collections, estimated as $902 million (in 1990 dollars) were to fund the categories on a 60%, 30%, 8% and 2% distribution, respectively. The Expenditure Plan also established the County Transportation Authority for the purpose of administering the Proposition B funds and to assist the local City departments (sponsoring agencies) in delivering Expenditure Plan programs and projects in a timely, cost effective and efficient manner.

In November, 1990, the Authority was also designated as the Congestion Management Agency (CMA) for the City and County of San Francisco. As the designated CMA, the Authority is required to implement the mandates of Proposition 111 which was approved by California voters in June 1990.

In addition, the Transportation Authority was designated in 1992 as the Overall Program Manager for the Transportation Fund for Clean Air (TFCA) pursuant to AB434. In this role, the Authority administers, on behalf of the Bay Area Air Quality Management District (BAAQMD), the local (40%) portion of the $4 per vehicle per year registration fee from registered vehicles in San Francisco. This program has funded a wide variety of transportation projects that emphasize improvement of air quality.

Because sales tax support for program administration and management are limited, those resources that are available must be used in a very efficient and effective manner. To ensure that the Authority is, in fact, operating in such a manner, the Board of Commissioners requested that a management performance audit of the Authority be conducted. As a result, a request-for-proposals was issued by the Authority in September, 1996. Following an evaluation of the proposals which were received, the Authority selected G. Richard Swanson & Associates to conduct this performance audit.

AUDIT SCOPE AND APPROACH

The performance audit process is a systematic evaluation designed to determine if the Authority is performing in an efficient and effective manner. In particular, the evaluation focuses on the following areas:

- **Compliance:** How well has the Authority met statutory requirements and mandates? Has the Authority executed its mandated planning, programming, monitoring, coordination and oversight responsibilities in an efficient and effective manner?

- **Management Effectiveness:** Does the Authority generally complete its required work in an efficient and timely manner? Did the Authority establish clear goals and objectives for its programs and monitor performance toward their achievement? Were available resources effectively organized and allocated to achieve the Authority's objectives in an efficient manner?

- **City/Countywide Impact:** Are the Authority products and programs achieving the intended results? How effective is the Authority in facilitating and coordinating local and regional transportation programs?

The findings and conclusions that are reported in this performance audit were developed based on a review of Authority and CMA documents and reports, management and staff interviews, and extensive interviews with members of the Board of Commissioners, the CAC, and representatives at those external agencies that interact with the Authority (i.e. Metropolitan Transportation Commission (MTC), CalTrans, and the BAAQMD).

This report is organized into two sections:

- **Compliance Review** – a review of the Authority's efforts at achieving compliance with each of its mandated areas of responsibility.

- **Functional Review** – provides a review of the principal activities and functions performed by the Authority to determine if they are being carried out in an efficient and effective manner.

FINDINGS AND CONCLUSIONS

COMPLIANCE REVIEW

State law assigns specific responsibilities to the Transportation Authority under two broad areas:

- As a state-mandated county transportation authority under Section 131007 of the California Public Utilities Code (Division 12.5B, of the County Traffic and Transportation Act, July 14, 1986);

- As the County's designated Congestion Management Agency under California Government Code Section 65089.

- As the County agency responsible for administering 40 percent of the County's vehicle registration fees collected by the Bay Area Air Quality Management District pursuant to AB434 (Health and Safety Code Section 44241 (d) and (e)).

1. Proposition B Administration

a. Compliance Requirements

Division 12.5 of the California Public Utilities Code, which includes the specific provisions of the Bay Area County Traffic and Transportation Funding Act (July, 1986), identifies the duties and responsibilities of the San Francisco County Transportation Authority. They are:

i) The Authority shall administer the Transportation Expenditure Plan adopted by the City's voters on November 7, 1989. The Expenditure Plan includes the following requirements of the Authority:

ii) The Authority shall adopt an annual budget by June 30 and fix the compensation of its officers and employees.

iii) The Authority shall cause a post audit of its financial transactions and records at least annually by a certified public accountant.

iv) The Authority shall prepare and adopt an annual report by January 1 of each year on the progress to achieve the objectives of completion of the projects in the Transportation Expenditure Plan.

b. Compliance Findings

Based on the auditor's review of the Authority's activities with respect to each of the above compliance requirements, the following findings are made:

Finding No. 1: **The Authority is in compliance with the requirements of state law and the requirements in the Transportation Expenditure Plan.**

Finding No. 2: **The Authority should address the productivity and cost effectiveness standards and requirements in the Expenditure Plan. In addition, the Authority should ensure that the transportation system performance evaluation requirements and criteria of CMP legislation and the productivity standards of Proposition B are properly integrated and jointly developed. This coordination will help ensure the maximum benefit from Proposition B and other funding sources programmed by the Authority in its multiple roles.**

2. Congestion Management Program (CMP)

a. Compliance Requirements

State law assigns responsibility to the CMA for:

i) preparing and implementing the County's Congestion Management Program (Government Code Section 65088 et. Seq.) and,

ii) developing the Countywide transportation plan (Government Code Section 66531). The CMA is also responsible for developing candidate capital improvement projects, screening them and recommending which county projects should be included in the Regional Transportation Improvement Program (RTIP).

b. Compliance Findings

Finding No. 3: **The Authority has developed a Congestion Management Program incorporating each of the mandated elements.**

Finding No. 4: **To support both the CMP and the CIP, the Authority (CMA) should develop a countywide transportation plan.**

3. Transportation Funds for Clean Air Program

a. Compliance Requirements

The BAAQMD requires that local projects funded with these fees have direct and measurable benefits through the reduction of harmful vehicle emissions.

b. Compliance Findings

Finding No. 5: **Pursuant to the requirement of TFCA, the CMA has established appropriate eligibility guidelines, solicits projects and administers the program within the legal requirements specified in the legislation.**

4. Capital Improvement Planning and Programming

a. Compliance Requirements

As part of the CMP process, the Authority, in its role as the CMA, is responsible for identifying and ranking candidate capital improvement projects for potential inclusion in the state and federal TIPs.

b. Compliance Findings

Finding No. 6: **The Authority (CMA) is in compliance with the CMP requirements for capital improvement planning and programming for candidate projects to be included in federal and state transportation improvement programs (TIP).**

FUNCTIONAL REVIEW

In contrast to the compliance review which evaluates whether or not the Authority has accomplished the tasks legally required of it, the functional review seeks to determine how well the agency performed in meeting those requirements. This review and evaluation relies upon two criteria for determining how well the Authority accomplished its tasks. The first criterion evaluates the efficiency and effectiveness (i.e. the performance) of the Agency's management and staff in carrying out their responsibilities. As a second criterion, the functional review will examine the extent to which the Authority has positively impacted the development and performance of the City/countywide transportation system.

1. Management Effectiveness

The effectiveness and efficiency with which management and staff carry out the Authority's mission and fulfill their duties and responsibilities depends on the existence of up-to-date agency goals and objectives, policies and procedures and well understood assignments and reporting relationships.

Finding No. 7: **The Authority should add additional policies and procedures in the following areas unless otherwise covered by reference to City policies:**

- Handling of media inquiries,
- Personal use of Authority office equipment,
- Substance abuse,
- Sexual harassment, and
- Equal opportunity and affirmative action.

Finding No. 8: **Authority policies and procedures relating to employee promotional opportunities, salary classifications and ranges, and benefits should be revised and updated.**

Finding No. 9: **Authority management and staff operate in a very productive and effective manner. Internal management policies and procedures are complete and timely. Work products are considered to be of very high professional quality.**

Finding No. 10: **The Authority should immediately revisit the process for conducting regular and comprehensive personnel performance evaluations. These evaluations should include, at a minimum, the development of mutual (employee and supervisor) job objectives, goals and expectations regarding employee performance and any training and mentoring necessary to support the employee's objectives. Performance evaluation should be an annual process with at least one review period at some intermediate date.**

2. Countywide Impact

One of the functional areas the performance audit evaluates is the degree to which the Authority has had a positive impact upon the countywide transportation system. The audit attempted to assess the effectiveness of the Authority in facilitating the coordination and implementation of city and county transportation programs.

a. Internal Impacts

Based on the audit's comprehensive review of the Authority's activities in

meeting the requirements of both the Transportation Expenditure Plan and as the Congestion Management Agency, the following finding is made.

Finding No. 11: **Although the mobility benefits occurring from completing the projects identified in the Transportation Expenditure Plan cannot be underestimated, a much larger potential for positively impacting the City's transportation system lies in the, as yet, largely untapped power, flexibility, and leadership capacity of the Congestion Management Agency. Acting as the CMA, the Authority has only recently begun to exercise the influence and leadership potential that exists within the scope of responsibility of the CMA.**

b. External Impacts

While the previous finding addressed the large, but still somewhat untapped, potential of the Authority to positively influence and rationalize transportation policy-making and priority setting in the City, the following finding addresses a similar concern, but from a regional or "external" perspective. The auditor believes this perspective is important because, to an ever increasing degree, San Francisco's transportation future, both in terms of funding (from regional, state and federal levels) and in the City's ability to advance its transportation agenda is being determined at the regional level.

Finding No. 12: **The Authority (Board of Commissioners) should evaluate the role the City is currently playing within the region with respect to advancing the City's transportation priorities and needs. The Authority should consider exercising a stronger role in the following areas:**

- **taking a leadership role in formulating and establishing transportation policies, programming priorities and regional cooperative strategies with other jurisdictions,**

- taking a leadership role in articulating City transportation policy directions at the regional level, and

- exercising a strong advocacy role for City transportation policy priorities and projects eligible for state and federal funding.

SECTION I

INTRODUCTION AND APPROACH

I. INTRODUCTION AND APPROACH

Background

On November 7, 1989, San Francisco voters approved, by a 65.6 percent majority, a one-half cent sales tax initiative, identified as Proposition B. In addition to approving the 20-year tax, Proposition B included a detailed Expenditure Plan which identified a list of 50 transportation projects, services and programs within four principal categories: Transit, Streets and Traffic Safety, Paratransit, and Transportation Systems Management. Sales tax collections, estimated as $902 million (in 1990 dollars) were to be allocated across the categories on a 60%, 30%, 8% and 2% distribution, respectively.

The Expenditure Plan adopted by the voters also called for the creation of County Transportation Authority. The Authority was needed for the purpose of administering the Proposition B funds and to assist the local City departments (sponsoring agencies) in delivering Expenditure Plan programs and projects in a timely, cost effective and efficient manner. In the Spring of 1990, the Transportation Authority was formally established.

In addition to administering and managing the Proposition B funds, in November, 1990, the Authority was designated as the Congestion Management Agency (CMA) for the City and County of San Francisco. As the designated CMA, the Authority is required to implement the mandates of Proposition 111 which was approved by California voters in June 1990. Proposition 111 was designed to mitigate growing automobile congestion on California's streets, roads and highways. These requirements stipulated that as a condition for receiving a portion of the new fuel taxes, each urban county in the state was required to develop and administer a Congestion Management Program (CMP). The CMP is actually a wide-ranging set of programs that, among other requirements, attempt to reduce automobile congestion through promoting alternatives to single-occupant vehicle trips, identifying capital improvement investments while leveraging federal and state transportation funding, and coordinating transportation planning and maximizing the use of federal and state funding within the County.

Lastly, in June, 1992, the Transportation Authority was designated as the Overall Program Manager for the Transportation Fund for Clean Air (TFCA) pursuant to AB434. In this role, the Authority administers, on behalf of the Bay Area Air Quality Management District (BAAQMD), the local (40%) portion of the $4 per vehicle per

year registration fee from registered vehicles in San Francisco. This program has funded a wide variety of transportation projects that emphasize improvement of air quality.

The Transportation Authority has adopted a mission statement, goals and objectives designed to implement the mandates of the Expenditure Plan, Proposition 111, and the TFCA program. However, resources available to the Authority to meet these requirements are limited. For example, under the Authority's enabling legislation (Sec. 131107 of the Public Utilities Code), no more than one percent of Proposition B sales tax revenues (net of State Board of Equalization fees) can be used for Authority staff salaries and benefits.

As a consequence, those staff and financial resources that are available must be used in a very efficient and effective manner. To ensure that the Authority is, in fact, operating in such a manner, the Board of Commissioners requested that a management performance audit of the Authority be conducted. Since the Authority has recently passed its seventh birthday, it was further felt that the timing was appropriate to evaluate how the Authority was performing and to identify areas for improvement should they be identified. As a result, a request-for-proposals was issued by the Authority in September, 1996. Following an evaluation of the proposals which were received, the Authority selected G. Richard Swanson & Associates to conduct this performance audit.

Overview of the San Francisco County Transportation Authority

The establishment of the San Francisco County Transportation Authority as a special purpose government agency was mandated in November, 1989, when San Francisco voters passed Proposition B. The Transportation Authority is governed by a Board of Commissioners which consists of the eleven members of the San Francisco Board of Supervisors, acting as Commissioners. Each year, at their first annual meeting in January, the Commissioners elect a Chairperson and a Vice-Chairperson to serve for the balance of the calendar year.

The Board of Commissioners also has three standing committees: a Finance Committee, a Plans and Programs Committee, and a Personnel Committee. With the exception of the Personnel Committee, the Chairperson of the Authority sits as an ex-officio member on each committee and appoints four additional members to each committee. The Chairperson automatically serves as Chairperson and voting member of the Personnel Committee. The Board of Commissioners also appoints ten members of the community for two-year terms on a Citizens Advisory Committee

(CAC), which is advisory to the Board. The CAC members elect their chairperson. All committees meet monthly with the exception of the Personnel Committee which meets at the discretion of the Chairperson, and the CAC which meets monthly.

Appointed by and reporting to the Board of Commissioners is an Executive Director who, in turn, has reporting to her three Directors: one for Plans and Programs, one for Management and Finance, and one for Congestion Management. Three additional staff support the Authority's functions: a Capital Program Planner, a Transportation Analyst and the Clerk of the Authority. The Authority has a total of seven budgeted full-time professional positions and one part-time position (Clerk of the Authority).

Audit Scope and Approach

The performance audit process is a systematic evaluation designed to determine if the Authority is performing in an efficient and effective manner. In particular, the evaluation focuses on the following areas:

- **Compliance:** How well has the Authority met statutory requirements and mandates? Has the Authority executed its mandated planning, programming, monitoring, coordination and oversight responsibilities in an efficient and effective manner?

- **Management Effectiveness:** Does the Authority generally complete its required work in an efficient and timely manner? Did the Authority establish clear goals and objectives for its programs and monitor performance toward their achievement? Were available resources effectively organized and allocated to achieve the Authority's objectives in an efficient manner?

- **City/Countywide Impact:** Are the Authority products and programs achieving the intended results? How effective is the Authority in facilitating and coordinating local and regional transportation programs?

The findings and conclusions that are reported in this performance audit were developed based on a review of Authority and CMA documents and reports, management and staff interviews, and extensive interviews with members of the Board of Commissioners, the CAC, and representatives at those external agencies that interact with the Authority (i.e. Metropolitan Transportation Commission (MTC), CalTrans, and the BAAQMD).

The remainder of this report is organized into three sections:

- **Compliance Review** – a review of the Authority's efforts at achieving compliance with each of its mandated areas of responsibility.

- **Functional Review** – provides a review of the principal activities and functions performed by the Authority to determine if they are being carried out in an efficient and effective manner.

- **Recommendations** – identifies opportunities for potential improvement that management and the Commissioners should address as identified by the auditor.

SECTION II

FINDINGS AND CONCLUSIONS

II. FINDINGS AND CONCLUSIONS

The audit evaluation consisted of a review of the Authority's mandated responsibilities, activities and performance related to:

- Compliance with state law;
- Efficiency and effectiveness in performing key planning, programming and administrative functions; and
- Achieving a positive impact on transportation planning and programming in San Francisco City and County.

This audit evaluation included a review of written documentation, reports, plans, data and records, staff interviews, discussions with Board of Commissioners and Committee members, CAC, and interviews with individuals working with external entities (e.g. CalTrans, MTC, BAAQMD) that have working relationships with the Authority. This evaluation provided the basis for the findings and conclusions presented in this section regarding compliance and functional performance.

COMPLIANCE REVIEW

State law assigns specific responsibilities to the Transportation Authority under three broad areas:

- As a state-mandated county transportation authority under Section 131007 of the California Public Utilities Code Division 12.5B, of the County Traffic and Transportation Act, July 14, 1986 for the purpose of administering the Proposition B sales tax;
- As the County's designated Congestion Management Agency under California Government Code Section 65089; and

- As the County agency responsible for administering 40 percent of the County's vehicle registration fees collected by the Bay Area Air Quality Management District pursuant to AB434 (Health and Safety Code Section 44241 (d) and (e)).

The respective responsibilities of each area will be discussed below:

A. Proposition B Administration

1. Compliance Requirements

Division 12.5 of the California Public Utilities Code, which includes the specific provisions of the Bay Area County Traffic and transportation Funding Act (July, 1986), identifies the duties and responsibilities of the San Francisco County Transportation Authority. They are:

a) The Authority shall administer the Transportation Expenditure Plan adopted by the City's voters on November 7, 1989. The Expenditure Plan includes the following requirements of the Authority:

i) observe the restriction on the expenditure of funds to capital projects rather than for operating expenses, unless otherwise specified in the Project List.

ii) where there are intercounty implications associated with projects listed in the Expenditure Plan, the Authority shall work cooperatively with the affected county or counties;

iii) the Authority shall direct all City transportation agencies to:

- develop 5-year program plans describing service and capital improvements annually

- prepare long-range (10-20 years) comprehensive transportation plans periodically

- develop productivity and cost effectiveness measurement methodologies and standards based upon accepted industry standards

iv) the Authority shall periodically calculate actual sales tax revenue collections (in constant dollars) relative to the amount originally projected in the Transportation Expenditure Plan. Any surpluses of collections over projections shall be allocated to the plan categories) Transit, Streets and Traffic Safety, Paratransit, and TSM) in the same proportions as originally outlined in the plan.

b) The Authority shall adopt an annual budget by June 30 and fix the compensation of its officers and employees.

c) The Authority shall cause a post audit of its financial transactions and records at least annually by a certified public accountant.

d) The Authority shall prepare and adopt an annual report by January 1 of each year on the progress to achieve the objectives of completion of the projects in the Transportation Expenditure Plan.

2. Compliance Findings

Based on the auditor's review of the Authority's activities with respect to each of the above compliance requirements, the following findings are made:

Finding No. 1: The Authority is in compliance with the requirements of state law and the requirements in the Transportation Expenditure Plan.

With respect to the overall administration and allocation of the Proposition B sales tax proceeds in accord with the Transportation Expenditures Plan, the Transportation Authority is in compliance with each of the legal requirements identified above (i.e. 1-4), with one exception (see Finding No. 2 below). The Authority staff, working with their project management oversight (PMO) consultants, have developed a comprehensive set of spreadsheet programs, project reporting formats, worksheets, and cost-funding matrices that monitor the allocation of Proposition B funding and the progress of Expenditure Plan projects quite well.

Finding No. 2: **The Authority should address the productivity and cost effectiveness standards and requirements in the Expenditure Plan. In addition, the Authority should ensure that the transportation system performance evaluation requirements and criteria of CMP legislation and the productivity standards of Proposition B are properly integrated and jointly developed. This coordination will help ensure the maximum benefit from Proposition B and other funding sources programmed by the Authority in its multiple roles.**

The Transportation Expenditure Plan includes three requirements of the Authority under the title of Transportation Efficiency/Productivity Standards and Objectives (requirement 1.c above). This provision requires that Authority "shall direct" all city transportation agencies (Proposition B recipients) to:

- Develop five-year service and capital plans,
- Prepare long range (10-20 years) transportation plans, and
- Develop productivity and cost effectiveness measurement methodologies and standards. Goals are to be established and reported on to the Authority.

While Authority staff has effectively accomplished the first two items, efforts to develop comprehensive productivity and cost effectiveness goals were suspended several years ago after several attempts were made by staff and the PMO consultants to develop acceptable criteria. However, the Authority has now been working for more than a year on a Citywide Mobility Study, which is intended to develop measures to evaluate the performance of the multi-modal transportation system in the City. While this effort was triggered by the multi-modal performance measurement requirement in the Congestion Management law, the ultimate intent is to measure the effectiveness of transportation investments in improving transportation conditions (i.e. "mobility") in the City.

In this situation, activities undertaken in fulfillment of CMA responsibilities are helping to achieve compliance with Proposition B requirements. Authority staff should seek approval from the Board of Commissioners for establishing the Mobility Study as the ongoing mechanism for ensuring compliance with the productivity and cost effectiveness standards of both Proposition B and the CMP.

B. Congestion Management Program (CMP)

State law assigns responsibility to the CMA for: 1) preparing and implementing the County's Congestion Management Program (Government Code Section 65088 et. Seq.) and, 2) developing the Countywide Transportation Plan (Government Code Section 66531). The CMA is also responsible for developing candidate capital improvement projects, screening them and recommending which county projects should be included in the Regional Transportation Improvement Program (RTIP). Each mandated program will be briefly reviewed.

1. Compliance Requirements

The principal requirements of the CMP legislation are summarized below:

- Designation of a network of transportation facilities which are monitored periodically for congestion;
- Designating a level of service (LOS) standard for that network which establishes a performance standard for the network;
- Monitoring and evaluating the performance of the City/County's transportation system to reduce congestion and improve air quality;
- Promoting alternatives to the single-occupant vehicle by encouraging transportation demand management measures;
- Establishing a program that analyzes land use decisions, transportation impacts and mitigation measures (e.g. transportation investments) to reduce traffic impacts;
- Developing a seven-year capital improvement program which supports CMP goals and is updated every two years; and
- Utilizes an automated travel model and uniform data base for evaluating future transportation needs and impacts.

2. Compliance Findings

Based on the auditor's review of the Authority's activities with respect to each of the above compliance requirements, the following findings are made:

Finding No. 3: The Authority has developed a Congestion Management Program incorporating each of the mandated elements.

The San Francisco Transportation Authority, acting as the Congestion Management Agency (the Authority was so designated on November 6, 1990), has developed a Congestion Management Program (CMP) that contains each of the required elements identified in state law. Each of the following required elements is in conformance with the California Government Code Section (GCS) which follows in parenthesis, where applicable:

a) A designated roadway system (GCS 65089 (b)(1)(a));

b) Level-of Service standards (GCS 65089 (b)(1)(a));

c) A performance monitoring system (GCS 65089 (b)(2);

d) A travel demand element;

e) A land use analysis program (GCS 65089 (b)(4);

f) A seven-year Capital Improvement Program (GCS 65089 (b)(5);

g) An annual CMP implementation monitoring program (GCS 65089 (3)(4)), and

h) Developed a uniform data base for use in a countywide travel model(GCS 65089 (c)).

In addition, the Congestion Management Program also meets the following additional legal requirements:

a) The CMP conforms to MTC's criteria for consistency with the Regional Transportation Plan;

b) The CMP provides a travel model that is consistent with MTC's regional model;

c) The CMP's Capital Improvement Program (CIP) is consistent with MTC's adopted Transportation Control Measures Plan;

d) The CMP method of estimating roadway LOS is consistent with state requirements;

e) The CMP's CIP process identifies candidate projects for both MTC's RTIP and the federal Transportation Improvement Program (TIP) in a manner that meets MTC's minimum requirements;

f) The CMP was developed in consultation with the Bay Area Air Quality Management District, MTC, CalTrans, adjacent counties, and the public; and,

g) Provides for early input to the CMA on the transportation impacts of local land use decisions.

Finding No. 4: To support both the CMP and the CIP, the Authority (CMA) should develop a countywide transportation plan.

Although the language of the State Government Code Section 66531, which requires designated CMAs to prepare "Countywide long range transportation plans" is permissive in nature, Proposition 111 (which established the CMAs) clearly intended that long range plans be developed in order to provide the policy or strategic framework on which to base both the CMP and the seven-year Capital Improvement Program (CIP), both of which are implementation oriented documents.

To conform to state guidelines, the countywide transportation plan should contain the following components:

- An assessment of existing and anticipated future condition of the City's transportation system, as well as the ability of current funding sources to address the needs;

- A long term vision of transportation needs along with performance objectives designed to implement goals and objectives;

- A transportation investment program designed to address current and future needs;

- An identification of potential future revenue sources that could assist in meeting funding shortfalls;

- A series of performance measures for evaluating progress in plan implementation (See Finding No. 2 on page II-4); and

- An identification of implementation issues (short term, long term and on-going) that will require resolution.

The Transportation Authority is only now beginning the process of developing a countywide long-range plan and is unique among major Bay Area counties in not having already developed one. While technically the Authority is not out of compliance by not having developed such a plan, it represents a major missed opportunity to assist in the coordination and policy and priority setting for transportation improvements within the City and County of San Francisco.

A critical shortcoming in the City today is the lack of a long-range transportation plan (and accompanying policy framework) to guide transportation investments over the next several decades. With the recent approval of funding for the countywide plan, the Authority should develop a transportation vision that responds to the needs of the City into the 21st century. The Authority should give this activity top priority and the necessary staff resources and support to ensure success.

C. Transportation Funds for Clean Air Program

In June, 1992 the CMA was designated as the overall program manager for the AB434 Vehicle Registration Fee Program. This program has been renamed the Transportation Fund for Clean Air (TFCA) Program.

Of the total registration fees collected by the Bay Area Air Quality Management District (BAAQMD) in San Francisco ($4/vehicle), forty percent of the funds are allocated back to the CMA. Currently, the CMA receives approximately $670,000 annually.

1. Compliance Requirements

The BAAQMD requires that local projects funded with these fees have direct and measurable benefits through the reduction of harmful vehicle emissions.

2. Compliance Findings

The CMA has funded a variety of projects emphasizing the use of compressed natural gas for city vehicles, employee shuttles, bicycle facilities, and other commuter assistance programs. In addition, the CMA has worked with the Department of Parking and Traffic to implement a series of projects using TFCA funds to alleviate congestion in downtown, along Van Ness Avenue and at Coit Tower.

Finding No. 5: **Pursuant to the requirement of TFCA, the CMA has established appropriate eligibility guidelines, solicits projects and administers the program within the legal requirements specified in the legislation.**

D. Capital Improvement Planning and Programming

1. Compliance Requirements

As part of the CMP process, the Authority, in its role as the CMA, is responsible for identifying and ranking candidate capital improvement projects for potential inclusion in the state and federal TIPs. In carrying out this capital programming process, the CMA works with the MTC in screening and qualifying projects such that they will be included in MTC's programming documents. This process also includes identifying projects eligible for funding from federal sources such as Surface Transportation Program (STP) funds and Flexible Congestion Relief (FCR) funding from the state. To be eligible for funding, these projects must be included in the CMP.

2. Compliance Findings

Finding No. 6: **The Authority (CMA) is in compliance with the CMP requirements for capital improvement planning and programming for candidate projects to be included in federal and state transportation improvement programs (TIP).**

However, given the current environment of uncertainty regarding state and federal funding levels for transportation, competition for funding will continue to intensify,

not just regionally but also among San Francisco projects. It is critical that the Authority capitalize on the potential to serve the City in three key functions:

- As a catalyst for framing and resolving transportation policy decisions;
- As the focal point for transportation funding and financial strategies for the City; and
- As a key advocacy voice for San Francisco projects at the regional, state and federal levels.

The Authority should take a more pro-active role to ensure that San Francisco's transportation priorities and needs are addressed at the regional level. In doing so, the Authority should increasingly seek to structure mutually beneficial arrangements and projects with neighboring jurisdictions so as to better compete for increasingly scarce transportation dollars.

FUNCTIONAL REVIEW

In contrast to the compliance review which evaluates whether or not the Authority has accomplished the tasks legally required of it, the functional review seeks to determine how well the agency performed in meeting those requirements. This review and evaluation relies upon two criteria for determining how well the Authority accomplished its tasks. The first criterion evaluates the efficiency and effectiveness (i.e. the performance) of the Agency's management and staff in carrying out their responsibilities. As a second criterion, the functional review will examine the extent to which the Authority has positively impacted the development and performance of the countywide transportation system. It will also address the effectiveness of the Authority in facilitating the coordination of local and regional transportation programs.

A. Management Effectiveness

Background:

The effectiveness and efficiency with which management and staff carry out the Authority's mission and fulfill their duties and responsibilities depends on the existence of several key factors. They include:

- Development and periodic reconfirmation of explicit agency goals and objectives;

- Documentation of clear internal policies and procedures that guide both management and staff in accomplishing those goals and objectives;

- Establishment of scopes of responsibility and accountability; reporting relationships among and between staff and the Board of Commissioners and Committees should be clear;

- Development and monitoring of a detailed work program along with specific work products that serve as milestones and evidence of progress;

- Regular evaluations of staff performance and support for appropriate training of both professional and administrative staff; and

- Clear and timely communication between Commissioners, Committee members and staff to ensure staff work and policy directions are consistent and mutually supportive.

The audit process involved a detailed review of the Authority's mission statement, documented goals and objectives, functions and reporting responsibilities of staff, office policies and procedures, and the quarterly work programs prepared by individual staff members. This review has indicated that agency staff have developed specific management procedures and assignments designed to ensure that required work products are produced on time, are afforded adequate review by senior staff and, if appropriate, provided to Commissioner and Committee members on a timely basis. Interviews conducted with Commission and Committee members, CAC members, staff from sponsoring agencies, and staff from external agencies that work with the Authority have further indicated that the Authority staff work at a very high professional level and that their work products are consistently of high quality.

With respect to internal efficiencies, the audit has noted the presence of detailed policies and procedures that provide appropriate guidance with respect to:

- Personnel policies, particularly with respect to the rules of employment;
- Project assessment and management oversight procedures;
- Fiscal policies and procedures; and

- Travel, conference, training and business expense policies.

However, the audit review noted areas where additional policies and procedures should be considered and where current policies and procedure are inadequate.

Finding No. 7: The Authority should add additional policies and procedures in the following areas unless otherwise covered by reference to City policies:

- Handling of media inquiries,
- Personal use of Authority office equipment,
- Substance abuse,
- Sexual harassment, and
- Equal opportunity and affirmative action.

Finding No. 8: Authority policies and procedures relating to employee promotional opportunities, salary classifications and ranges, and benefits should be revised and updated.

The Authority's complement of professional and administrative staff is quite small relative to comparable agencies. Probably as a result, the professional positions at the Authority have never been developed in a manner to provide for promotional opportunities for staff, particularly at the junior level. For example, the Capital Program Planner and Transportation Analyst positions lack any "steps" (e.g. Analyst I or Analyst II, etc.) that provide for placement or promotions based on experience and performance. Each position should allow for a range of salary steps to accommodate professional growth and performance.

In addition, the current salary ranges for these positions are low and should be adjusted based on a salary and job classification study. Unless these compensation and promotional opportunity issues are addressed, the Authority's ability to attract and retain staff will be significantly hindered.

In addition, the Authority's existing cafeteria plan for benefits is inequitable for junior staff. Because the basic package of benefits is based on a percentage of salary, junior staff cannot afford, in many cases, even the basic package. The benefits policy should be revisited and a basic "package of benefits" (or "floor") should be provided to all

employees regardless of salary. A flexible spending allowance should then be provided to enable employees to augment the basic package.

The audit investigation has further reviewed the Authority's Administrative Code to ensure that revisions have remained current and that all of the required definitions, responsibilities, rules for proceedings, methods of operation and administrative procedures are included. Committee functions, responsibilities and levels of authority are also clearly identified. Lastly, the audit process has reviewed the independent auditor's report and evaluated the functions, activities, and the methods by which funds are received and disbursed.

Finding No. 9: **Authority management and staff operate in a very productive and effective manner. Internal management policies and procedures are complete and timely. Work products are considered to be of very high professional quality.**

One area, however, related to management effectiveness has been systematically overlooked. That is the area of staff and manager performance evaluations and employee counseling.

Professional organizations performing the types of duties and responsibilities of the Transportation Authority should have management procedures in place for the systematic evaluation of employee performance and the periodic counseling of all professional and administrative employees.

Although a performance evaluation process is now in place, the absence of systematic employee counseling and mentoring over the past several years has created staff morale problems which should be addressed in the very near term.

Finding No. 10: **The Authority should immediately revisit the process for conducting regular and comprehensive personnel performance evaluations. These evaluations should include, at a minimum, the development of mutual (employee and supervisor) job objectives, goals and expectations regarding employee performance and any training and mentoring necessary to support the employee's objectives. Performance evaluation should be an annual process with at least one review period at some intermediate date.**

B. Countywide Impact

As discussed at the beginning of this section, one of the functional areas the performance audit evaluates is the degree to which the Authority has had a positive impact upon the countywide transportation system. The audit also attempted to assess the effectiveness of the Authority in facilitating the coordination and implementation of city and county transportation programs.

As discussed at the beginning of this section, one of the functional areas the performance audit evaluates is the degree to which the Authority has had a positive impact upon the City's transportation system. the audit also attempted to assess the effectiveness of the Authority in facilitating the coordination of citywide transportation programs.

The potential for positively impacting the City's transportation system has both an "internal" and an "external" dimension. Each will be addressed below:

Internal Impacts

Based on the audit's comprehensive review of the Authority's activities in meeting the requirements of both the Transportation Expenditure Plan and as the Congestion Management Agency, the following finding is made.

Finding No. 11: Although the mobility benefits occurring from completing the projects identified in the Transportation Expenditure Plan cannot be underestimated, a much larger potential for positively impacting the City's transportation system lies in the, as yet, largely untapped power, flexibility, and leadership capacity of the Congestion Management Agency. Acting as the CMA, the Authority has only recently begun to exercise the influence and leadership potential that exists within the scope of responsibility of the CMA.

For example, acting as the CMA, the Authority has recently generated initiatives that have not only addressed key policy issues but have succeeded in bringing new revenues to the city. One such example is the 1995 Sacramento funding trade that netted San Francisco $6.5 million in state funds and enabled the completion of the new connection between I-280 and King Boulevard, allowing the project to be delivered on time and averting project delays and increased costs for the Muni Metro extension and other projects involved. The Authority's initiative to develop Strategic

Analysis Reports on topics like the transportation impacts of the proposed Giants Ballpark, and on the Transbay Terminal replacement, and its role as lead agency for the Doyle Drive Intermodal Study (which attracted a half million dollars of discretionary state dollars) are positive steps in the direction of providing much needed technical and policy-level analysis to facilitate decision-making on very complex issues that are being addressed nowhere else in the City. Through the process of completing the Countywide Transportation Plan and exercising the strong planning and programming duties inherent in its mandate as the CMA, the Authority has the tools and the capability for providing strong leadership in developing and implementing transportation policies and initiatives throughout the City. In doing so, the Authority would clearly fill an unmet need that hampers the City's ability to address complex multi-modal transportation issues from both a policy and funding perspective.

External Impacts

While the previous finding addressed the large, but still somewhat untapped, potential of the Authority to positively influence and rationalize transportation policy-making and priority setting in the City, the following finding addresses a similar concern, but from a regional or "external" perspective. The auditor believes this perspective is important because, to an ever increasing degree, San Francisco's transportation future, both in terms of funding (from regional, state and federal levels) and in the City's ability to advance its transportation agenda is being determined at the regional level.

Finding No. 12: **The Authority (Board of Commissioners) should evaluate the role the City is currently playing within the region with respect to advancing the City's transportation priorities and needs. The Authority should consider exercising a stronger role in the following areas:**

- **taking a leadership role in formulating and establishing transportation policies, programming priorities and regional cooperative strategies with other jurisdictions,**

- **taking a leadership role in articulating City transportation policy directions at the regional level, and**

- **exercising a strong advocacy role for City transportation policy priorities and projects eligible for state and federal funding.**

The Authority Board should advance City transportation projects in ways that either reinforce or support other jurisdictions' projects such that a multi-jurisdictional case can be made for supporting the project(s). In an era of diminished federal and state resources relative to growing capital expansion and rehabilitation needs, cooperation and collaboration with other jurisdictions that have complementary needs may be the difference between a funded project and no project. Increasingly, transportation problems are being exacerbated by growth and commute patterns that extend well beyond the particular jurisdictional boundaries of one county or city. As a consequence, and as a result of scarce funding, successful strategies increasingly include projects that involve several jurisdictions. In order to compete and succeed in this intensified competition, San Francisco may well be advised to reassess its traditional approaches and strategies to securing outside funding and support.